

Message Text

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61

ORIGIN EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 SS-15

NSC-05 L-03 SSO-00 NSCE-00 INRE-00 XMB-02 /065 R

DRAFTED BY EB/AVP:JGORDON:EI

APPROVED BY NEA/INS:DKUX

EXIM:EHOUSTON (INFO)

EB/ODF:RSWART (INFO)

----- 122515

O R 132247Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI IMMEDIATE

AMCONSUL BOMBAY IMMEDIATE

INFO AMEMBASSY ROME

C O N F I D E N T I A L STATE 202136

ROME FOR DWOR

E.O. 11652: GDS

TAGS: EAIR, BEXP, IN

SUBJECT: CIVAIR: INDIAN AIRLINES TWINJET BUY

REF: STATE 199582; NEW DELHI 11152

1. DEPTOFFS HAVE IN PAST FEW DAYS BEEN IN FREQUENT TOUCH WITH EXIMBANK OFFICERS TO DISCUSS FINANCING PACKAGE FOR IAC. EXIM HAD CHECKED REPORTED FINANCING FOR BAC-111 AND EFFECTIVELY CONFIRMED OUR UNDERSTANDING. BRITISH FINANCING IS 8 PERCENT INTEREST PLUS 1.4 PERCENT BANK COMMISSIONS AND CREDIT INSURANCE PREMIUM, FOR EFFECTIVE RATE OF 9.4 PERCENT, COVERING 88 PERCENT OF TOTAL. DUTCH OFFER IS 8.5 PERCENT INTEREST PLUS 0.42 PERCENT INTANGIBLES AND INSURANCE, FOR EFFECTIVE RATE OF 8.92 PERCENT ON 88 PERCENT OF TOTAL FOR
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ONLY FOUR F-28 AIRCRAFT.

2. EXIM IS OFFERING PACKAGE AT 9 PERCENT INTEREST INCLUDING INTANGIBLES ON DIRECT LOAN FOR 40 PERCENT OF TOTAL COMBINED WITH COMMERCIAL PORTION FOR 45 PERCENT OF TOTAL. COMMERCIAL PORTION WILL BE BASED EITHER ON FLOATING PRIME RATE (NOW 7.25 PERCENT) OR LONDON LIBO RATE PLUS APPROXIMATELY 1.5 TO 1.75 POINTS. TOTAL U.S. PACKAGE AMOUNTS TO ABOUT 9 PERCENT, ON 85 PERCENT OF TOTAL COST OF FIVE 737S.

(FYI: ABOVE TWO PARAGRAPHS REFLECT EXIMBANK'S INFO FROM COUNTERPART BANKS AND MUST BE STRICTLY PROTECTED. END FYI)

3. WE ASSUME BOEING HAS INFORMED GOI OF EXIM FINANCING OFFER. GIVEN 737'S TECHNICAL SUPERIORITY WE HOPE THAT FINANCIAL PACKAGE, WHICH COMES VERY CLOSE TO EUROPEAN OFFERS, WILL BE SUFFICIENT TO ASSURE IAC DECISION TO PROCURE BOEINGS. ROBINSON

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